UNITED WAY OF GREATER ATLANTA, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2016 and 2015

And Report of Independent Auditor

Cherry Bekaert LLP

CPAs & Advisors

UNITED WAY OF GREATER ATLANTA, INC.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors of
United Way of Greater Atlanta, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of United Way of Greater Atlanta, Inc. (the "United Way") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information in Exhibit 1 on page 35 is presented for purposes of additional analysis and is not a required part of the financial statements. The information in Exhibit 1, which is of a non-accounting nature, has not been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, we express no opinion on it.

The accompanying schedule of expenditures of federal awards, shown on page 27, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, December 5, 2016 on our consideration of United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Atlanta, Georgia
December 5, 2016

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
(DOLLARS IN THOUSANDS)

JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents, including donor restricted cash of $22,044 and $16,773 at June 30, 2016 and 2015, respectively	$ 31,003	$ 25,203
Investments, at fair value	29,249	27,986
Pledges receivable, less allowance for uncollectible accounts of $5,916 and $5,878 at June 30, 2016 and 2015, respectively	28,300	22,798
Other receivables and prepayments	3,022	5,804
Land, buildings, and equipment, net of depreciation	18,840	20,277
Other assets	1,490	1,728
Total Assets	$ 111,904	$ 103,796
LIABILITIES AND NET ASSETS		
Liabilities:		
Allocations payable	$ 8,730	$ 9,032
Donor designated allocations payable	13,051	7,300
Accounts payable and accrued liabilities	12,832	11,917
Notes payable and other obligations	3,760	4,226
Total Liabilities	38,373	32,475
Net Assets:		
Unrestricted:		
Board designated endowment fund	11,657	10,260
Operating funds	23,931	23,986
Land, building, and equipment funds	11,352	12,682
Total Unrestricted	46,940	46,928
Temporarily restricted	22,816	20,618
Permanently restricted	3,775	3,775
Total Net Assets	73,531	71,321
Total Liabilities and Net Assets	$ 111,904	$ 103,796

The accompanying notes to the financial statements are an integral part of these financial statements.

UNITED WAY OF GREATER ATLANTA, INC.

STATEMENT OF ACTIVITIES

(DOLLARS IN THOUSANDS)

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Campaign Results:				
Campaign contributions:				
Current year campaign	$ 73,068	$ 4,309	$ -	$ 77,377
Prior year Pacesetter Campaign	(134)	-	-	(134)
Pacesetter Campaign	-	104	-	104
Less amounts due to others:				
Donor designations	(8,472)	-	-	(8,472)
Amounts sent directly to others	(22,540)	-	-	(22,540)
Gross Campaign Results	41,922	4,413	-	46,335
Provision for uncollectibles	(3,429)	-	-	(3,429)
Net Campaign Results	38,493	4,413	-	42,906
Revenues, Gains, and Other Support:				
Campaign contributions received in current period, net of provision for uncollectible pledges of $3,429	38,493	4,413	-	42,906
Government grants and contracts	3,415	-	-	3,415
Private grant and foundation revenues	1,177	14,040	-	15,217
Interest and dividends	489	(2)	-	487
Realized and unrealized losses on investments	(299)	-	-	(299)
Building income	7,277	-	-	7,277
Other income	2,357	-	-	2,357
Gifts-in-Kind revenue	14,263	-	-	14,263
Net assets released from restrictions	16,253	(16,253)	-	-
Total Revenues, Gains, and Other Support	83,425	2,198	-	85,623
Allocations, Expenses, and Other Direct Assistance:				
Agency allocations from annual campaign	(17,172)	-	-	(17,172)
Government grants and contracts expense	(3,415)	-	-	(3,415)
Other allocations	(16,286)	-	-	(16,286)
Gifts-in-Kind expense	(14,406)	-	-	(14,406)
Total Allocations and Other Direct Assistance	(51,279)	-	-	(51,279)
Operating expenses	(30,274)	-	-	(30,274)
Interest expense	(113)	-	-	(113)
Dues to United Way Worldwide	(561)	-	-	(561)
Total Allocations, Expenses, and Other Direct Assistance	(82,227)	-	-	(82,227)
Change in net assets before change in liability for pension benefit	1,198	2,198	-	3,396
Change in liability for pension benefit	(1,186)	-	-	(1,186)
Change in net assets	12	2,198	-	2,210
Net assets, beginning of year	46,928	20,618	3,775	71,321
Net assets, end of year	$ 46,940	$ 22,816	$ 3,775	$ 73,531

The accompanying notes to the financial statements are an integral part of these financial statements.

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENT OF ACTIVITIES (CONTINUED)
(DOLLARS IN THOUSANDS)

YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Campaign Results:				
Campaign contributions:				
Current year campaign	$ 72,168	$ 3,543	$ -	$ 75,711
Prior year Pacesetter Campaign	(47)	-	-	(47)
Pacesetter Campaign	-	134	-	134
Less amounts due to others:				
Donor designations	(8,349)	-	-	(8,349)
Amounts sent directly to others	(21,369)	-	-	(21,369)
Gross Campaign Results	42,403	3,677	-	46,080
Provision for uncollectibles	(3,197)	-	-	(3,197)
Net Campaign Results	39,206	3,677	-	42,883
Revenues, Gains, and Other Support:				
Campaign contributions received in current period, net of provision for uncollectible pledges of $3,197	39,206	3,677	-	42,883
Government grants and contracts	3,703	-	-	3,703
Private grant and foundation revenues	492	14,604	-	15,096
Interest and dividends	404	(2)	-	402
Realized and unrealized losses on investments	(139)	-	-	(139)
Building income	6,994	-	-	6,994
Other income	1,757	-	-	1,757
Gifts-in-Kind revenue	13,091	-	-	13,091
Net assets released from restrictions	19,201	(19,201)	-	-
Total Revenues, Gains, and Other Support	84,709	(922)	-	83,787
Allocations, Expenses, and Other Direct Assistance:				
Agency allocations from annual campaign	(18,069)	-	-	(18,069)
Government grants and contracts expense	(3,703)	-	-	(3,703)
Other allocations	(17,741)	-	-	(17,741)
Gifts-in-Kind expense	(12,961)	-	-	(12,961)
Total Allocations and Other Direct Assistance	(52,474)	-	-	(52,474)
Operating expenses	(29,499)	-	-	(29,499)
Interest expense	(162)	-	-	(162)
Dues to United Way Worldwide	(565)	-	-	(565)
Total Allocations, Expenses, and Other Direct Assistance	(82,700)	-	-	(82,700)
Change in net assets before change in liability for pension benefit and transfer of assets	2,009	(922)	-	1,087
Change in liability for pension benefit	(2,310)	-	-	(2,310)
Transfer of assets to GEEARS, Inc.	(1,137)	-	-	(1,137)
Change in net assets	(1,438)	(922)	-	(2,360)
Net assets, beginning of year	48,366	21,540	3,775	73,681
Net assets, end of year	$ 46,928	$ 20,618	$ 3,775	$ 71,321

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(DOLLARS IN THOUSANDS)

YEAR ENDED JUNE 30, 2016

	Program Services					Supporting Services			
	Agency Allocations	Community Services	Other Direct Assistance	Building Operations	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Operating Expenses:									
Salaries and other labor	$ -	$ 3,581	$ 2,078	$ 1,352	$ 7,011	$ 4,112	$ 2,986	$ 7,098	$ 14,109
Occupancy	-	209	115	1,788	2,112	(2)	47	45	2,157
Employee health and retirement benefits	-	1,045	446	32	1,523	831	532	1,363	2,886
Campaign and marketing supplies	-	(5)	67	-	62	132	-	132	194
Professional fees	-	65	627	18	710	398	464	862	1,572
Payroll taxes	-	281	167	95	543	291	186	477	1,020
Printing and brochures	-	12	69	3	84	111	69	180	264
Telephone	-	58	13	22	93	42	288	330	423
Equipment rental and maintenance	-	44	-	98	142	2	496	498	640
Postage and supplies	-	496	193	191	880	998	(964)	34	914
Training and conferences	-	131	255	3	389	70	105	175	564
Local transportation	-	22	73	3	98	42	5	47	145
Other	-	17	1	691	709	101	(67)	34	743
Depreciation and amortization	-	-	-	2,197	2,197	-	352	352	2,549
Utilities	-	-	-	967	967	-	-	-	967
Catering	-	-	-	1,127	1,127	-	-	-	1,127
Total Operating Expenses	-	5,956	4,104	8,587	18,647	7,128	4,499	11,627	30,274
Allocations, Expenses, and Other Direct Assistance:									
Annual campaign allocations	16,871	276	-	-	17,147	25	-	25	17,172
Gifts-in-Kind expense	-	14,406	-	-	14,406	-	-	-	14,406
Governmental grants and contracts expense	-	-	3,415	-	3,415	-	-	-	3,415
Other allocations	-	-	16,286	-	16,286	-	-	-	16,286
Total Allocations, Expenses, and Other Direct Assistance	16,871	14,682	19,701	-	51,254	25	-	25	51,279
Other:									
Interest expense	-	-	-	93	93	-	20	20	113
Dues to United Way Worldwide	-	224	-	-	224	-	337	337	561
Total Other	-	224	-	93	317	-	357	357	674
Total Functional Expenses	$ 16,871	$ 20,862	$ 23,805	$ 8,680	$ 70,218	$ 7,153	$ 4,856	$ 12,009	$ 82,227

The accompanying notes to the financial statements are an integral part of these financial statements.

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
(DOLLARS IN THOUSANDS)

YEAR ENDED JUNE 30, 2015

	Program Services					Supporting Services			
	Agency Allocations	Community Services	Other Direct Assistance	Building Operations	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Operating Expenses:									
Salaries and other labor	$ -	$ 3,663	$ 1,932	$ 1,329	$ 6,924	$ 3,717	$ 2,766	$ 6,483	$ 13,407
Occupancy	-	190	111	1,878	2,179	(2)	32	30	2,209
Employee health and retirement benefits	-	1,249	435	42	1,726	768	108	876	2,602
Campaign and marketing supplies	-	145	107	-	252	108	-	108	360
Professional fees	-	4	643	34	681	101	468	569	1,250
Payroll taxes	-	329	175	97	601	295	182	477	1,078
Printing and brochures	-	6	89	22	117	130	49	179	296
Telephone	-	66	10	18	94	49	309	358	452
Equipment rental and maintenance	-	41	-	182	223	1	496	497	720
Postage and supplies	-	634	198	185	1,017	708	(920)	(212)	805
Training and conferences	-	116	355	1	472	70	145	215	687
Local transportation	-	47	66	4	117	52	5	57	174
Other	-	39	5	608	652	109	(142)	(33)	619
Depreciation and amortization	-	-	-	2,358	2,358	-	463	463	2,821
Utilities	-	-	-	984	984	-	-	-	984
Catering	-	-	-	1,035	1,035	-	-	-	1,035
Total Operating Expenses	-	6,529	4,126	8,777	19,432	6,106	3,961	10,067	29,499
Allocations, Expenses, and Other Direct Assistance:									
Annual campaign allocations	17,899	145	-	-	18,044	25	-	25	18,069
Gifts-in-Kind expense	-	12,961	-	-	12,961	-	-	-	12,961
Governmental grants and contracts expense	-	-	3,703	-	3,703	-	-	-	3,703
Other allocations	-	-	17,741	-	17,741	-	-	-	17,741
Total Allocations, Expenses, and Other Direct Assistance	17,899	13,106	21,444	-	52,449	25	-	25	52,474
Other:									
Interest expense	-	-	-	144	144	-	18	18	162
Dues to United Way Worldwide	-	226	-	-	226	-	339	339	565
Total Other	-	226	-	144	370	-	357	357	727
Total Functional Expenses	$ 17,899	$ 19,861	$ 25,570	$ 8,921	$ 72,251	$ 6,131	$ 4,318	$ 10,449	$ 82,700

The accompanying notes to the financial statements are an integral part of these financial statements.

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ 2,210	$ (2,360)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized losses on investments	299	139
Depreciation and amortization	2,549	2,821
Changes in assets and liabilities:		
Pledges and donor designated pledges receivable	(5,502)	709
Other receivables and prepayments	2,782	(1,435)
Other assets	149	(191)
Allocations and donor designated allocations payable	5,449	(284)
Accounts payable and accrued liabilities	915	4,380
Net cash provided by operating activities	8,851	3,779
Cash flows from investing activities:		
Purchases of building improvements and equipment	(1,092)	(2,338)
Purchases of investments	(2,244)	(1,937)
Sales of investments	751	651
Net cash used in investing activities	(2,585)	(3,624)
Cash flows from financing activity:		
Debt repayments	(466)	(535)
Net cash used in financing activity	(466)	(535)
Increase (Decrease) in cash and cash equivalents	5,800	(380)
Cash and cash equivalents, beginning of year	25,203	25,583
Cash and cash equivalents, end of year	$ 31,003	$ 25,203
Supplemental cash flow information:		
Interest paid	$ 113	$ 162

The accompanying notes to the financial statements are an integral part of these financial statements.

Note 1—Nature of organization and summary of significant accounting policies

Nature of Operations - United Way of Greater Atlanta, Inc. (the "United Way") is a nonprofit corporation that was formed to mobilize the caring power of community to help one another by making lasting improvements on human care issues. United Way's primary fundraising efforts are through workforce campaigns and community appeals concentrated in the Atlanta metropolitan area ("Annual Campaign").

Annual Campaigns are conducted in the fall of each year ("Current Campaign") to support programs primarily in the subsequent fiscal year. Campaign contributions are used generally to support a variety of local health and human services programs and to pay United Way's operating expenses. Current Campaign revenues are primarily collected and distributed to agencies in the following fiscal year in two components. The first component is distributed in the first six months of the following fiscal year and is based on the level of campaign results of the Previous Campaign (as opposed to the Current Campaign). This distribution policy allows management sufficient time for the Current Campaign results to be analyzed and validated as to accuracy and collectability to avoid allocation levels in excess of actual campaign results. The second component from the Previous Campaign is distributed in the second six months of the following fiscal year at distribution levels based on the Previous Campaign. For the year ended June 30, 2016, the distributions made in the first half of the following fiscal year were committed to the agencies prior to the June 30 fiscal year-end and were reflected as "Allocations Payable" in the accompanying financial statements. Expected distributions for the second half of the following fiscal year were also communicated to the agencies as of June 30 to allow for the agencies' budget planning needs. However, those planned distributions are contingent upon the results of the cash collections of the Previous Campaign and thus are contingent liabilities at each June 30 fiscal year-end. The aggregate amount of such contingent allocations payable was approximately $7,638 and $8,541 at June 30, 2016 and 2015, respectively.

Donors may designate their pledges among several community care programs. These donor-designated pledges represent pledges to health and human service agencies or a United Way affiliate in another location.

Annual fall campaign results are reduced by pledges collected on behalf of other organizations or pledged to a specific organization (i.e., donor-designated pledges) and by a provision for uncollectible pledges. The net campaign results for the 2015/2016 Campaign are reflected as unrestricted and temporarily restricted revenues in the accompanying 2016 statement of activities, and the amounts have been allocated to member agencies and other organizations in the current year. Campaign contributions related to the 2016/2017 Campaign are included in temporarily restricted revenue, as the amounts are restricted for the following year. These amounts are classified as Pacesetter Campaign contributions in the accompanying 2016 statement of activities.

Net campaign results are allocated to agencies and other organizations at the completion of the campaign. At June 30, 2016 and 2015, United Way had committed community care and donor-designated allocations in the aggregate amount of approximately $21,781 and $16,332, respectively. These amounts are included as allocations payable and donor-designated allocations payable in the accompanying statements of financial position. Revenues related to the community care portion are included in campaign contributions, and expenses are included in allocations to agencies in the accompanying statements of activities.

Donor-designated allocations are not included in revenues, gains, and other support or in allocations to agencies in the statements of activities in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as United Way pass these contributions on to the donor-designated party.

Note 1—Nature of organization and summary of significant accounting policies (continued)

Financial Statement Presentation - United Way reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

> *Unrestricted Net Assets* - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.
>
> *Temporarily Restricted Net Assets* - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met.
>
> *Permanently Restricted Net Assets* - Net assets that contain donor-imposed restrictions stipulating that the amounts be maintained by United Way in perpetuity. United Way may expend part or all of the income earned according to donor stipulations.

Cash and Cash Equivalents - United Way considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Investments - Investments are carried at fair value. Investment income is credited to unrestricted net assets unless otherwise designated by the donor. United Way's investments do not have a significant concentration of credit risk within any industry, geographic location, or specific institution.

Accounting for Contributions - All Current Campaign contributions are considered to be available for unrestricted use unless specifically restricted by the donor for a specific program or time period. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted, as appropriate.

Pledges Receivable and Allowances for Uncollectible Accounts - Annual Campaign pledge contributions receivable are generally paid within 18 months. United Way provides an allowance for uncollectible pledges based on historical write-off percentages at the time campaign results are recorded.

This estimated allowance is periodically adjusted based on campaign collection trends. A campaign is officially closed for accounting purposes, and the final uncollectible amount determined, in the year following the year of workplace campaign collections. Any difference in the actual campaign collection results compared with the estimates previously recorded are reflected as an adjustment to net campaign results in the statements of activities. Reductions in uncollectible accounts of approximately $1,216 and $1,402 were recorded in fiscal years 2016 and 2015, respectively, related to the final closing of the Fall 2014 and 2013 campaign collections.

(DOLLARS IN THOUSANDS)

Note 1—Nature of organization and summary of significant accounting policies (continued)

Land, Building, and Equipment - Fixed assets owned and used in operations are included in unrestricted net assets at cost or if donated, at fair market value at the date of donation. United Way capitalizes additions of property and equipment in excess of one thousand dollars cost or fair value, if donated. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the assets. At June 30, 2016 and 2015, the fixed assets of United Way were as follows:

	Useful Lives	2016	2015
Land	N/A	$ 6,371	$ 6,371
Buildings and leasehold improvements	7 - 30 yrs	55,789	55,173
Furniture, fixtures, and equipment	5 - 7 yrs	11,739	11,263
		73,899	72,807
Less accumulated depreciation		(55,059)	(52,530)
Land, buildings, and equipment, net of depreciation		$ 18,840	$ 20,277

Other Assets - Other assets in the statements of financial position include:

	2016	2015
Beneficial interest in assets held by others	$ 806	$ 875
Bond issuance costs, net of accumulated amortization		
of approximately $157 and $137	115	135
Life insurance contract	490	494
Inventories	79	224
Total other assets	$ 1,490	$ 1,728

See Note 3 for description of beneficial interest in assets held by others.

Bond issuance, costs relate to the issuance of tax-exempt bonds discussed in Note 8 and are being amortized over the life of the bonds.

Inventories are comprised of undistributed donations under the Gifts-in-Kind program described in Note 2. Inventories are valued based on estimated fair value at the date of donation using information provided by the donor and quoted market prices.

Concentrations of Risk - Financial instruments that potentially subject United Way to concentrations of credit risk consist primarily of pledges receivable, substantially all of which are from individuals, businesses, or not-for-profit foundations in the metropolitan Atlanta area and cash and cash equivalents.

Concentrations of credit risk for pledge receivables are limited due to the large number of donors comprising United Way's donor base. As a result, at June 30, 2016 and 2015, United Way does not consider itself to have a significant concentration of credit risk with respect to any single donor.

United Way places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation ("FDIC") covers $250 for substantially all depository accounts. United Way from time to time may have amounts on deposit in excess of the insured limits.

Note 1—Nature of organization and summary of significant accounting policies (continued)

Income Taxes - United Way is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and therefore no provision for income taxes has been made in the accompanying financial statements. United Way has evaluated the effect of GAAP guidance on Accounting for Uncertainty in Income Taxes and believes it continues to satisfy the requirements of tax-exempt organizations and therefore had no uncertain income tax positions at June 30, 2016.

Private Grants and Foundations Revenue - United Way receives certain funds directly from private foundations. The revenue is classified as temporarily restricted if the funds are restricted due to a time or purpose restriction by the donor. The funds are spent on various projects that serve the needs of the donor and community. Such funding is reflected as other direct assistance in the accompanying statements of functional expenses.

Functional Expenses - Operating expenses are functionalized between program services and supporting services based on departmental allocations.

Contributed Services - During the years ended June 30, 2016 and 2015, United Way received various services related to business planning, development, and marketing that have been recorded in the statements of activities and the statements of functional expenses. The estimated fair value of contributed services was approximately $36 and $0 at June 30, 2016 and 2015, respectively.

United Way pays for substantially all services that would otherwise meet the requirements to be recorded as contributed services. A substantial number of unpaid volunteers have made significant contributions of their time to United Way's programs and fundraising campaigns. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Note 2—Gifts-in-Kind program

Gifts-in-Kind Atlanta is a program of United Way. Its primary mission is to provide donations that support operational costs for nonprofits. In addition, donations help to offset nonprofit administrative costs so additional funds are available to serve the community. Gifts-in-Kind donations consist of office furniture, equipment, and supplies. All donations received by United Way are recorded as Gifts-in-Kind revenues and inventory at estimated fair market value when received. Items subsequently donated are released from inventory and recorded as Gifts-in-Kind expense when donated.

(DOLLARS IN THOUSANDS)

Note 3—Beneficial interest in assets held by others

United Way is the beneficial owner of donated funds that are held and controlled by a local community foundation. The underlying assets have a corpus balance of $867 as shown in Note 4. These funds are reflected in the statements of financial position at the market value of the beneficial interest. As shown in Note 1, the market value of the beneficial interest was approximately $806 and $875 at June 30, 2016 and 2015, respectively.

Income received from the community foundation each year is recognized as unrestricted income. Grants awarded to United Way during the years ended June 30, 2016 and 2015 related to these funds were approximately $39 and $38, respectively.

Note 4—Restricted net assets

Temporarily restricted net assets as of June 30, 2016 and 2015 have been restricted by donors to be spent as follows:

	2016	2015
Facilities maintenance	$ 71	$ 73
Education	13,622	11,449
Income	1,455	1,531
Health	327	365
Homelessness	4,838	4,951
Other direct assistance	2,399	2,115
Time restrictions	104	134
	$ 22,816	$ 20,618

Permanently restricted net assets include the principal amount (corpus) of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from the investment thereof can be expended for purposes specified by the donor, if any. The corpus balance of permanently restricted net assets as of June 30 is as follows:

	2016	2015
Beneficial interest in assets held by others	$ 867	$ 867
Other direct assistance	2,908	2,908
	$ 3,775	$ 3,775

(DOLLARS IN THOUSANDS)

Note 5—Net assets released from restriction

Net assets released from restrictions during the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
Temporarily Restricted:		
Education	$ 7,123	$ 10,748
Income	1,253	864
Health	726	288
Homelessness	5,491	5,728
Other direct assistance	1,526	1,526
Time restrictions – Pacesetter Campaign	134	47
	$ 16,253	$ 19,201

Note 6—Investments

United Way's investments as of June 30, 2016 and 2015 consist of the following:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	$ 50	$ 50	$ 50	$ 50
Mutual funds:				
Equity securities funds	10,277	11,295	9,859	11,562
Fixed income funds	18,061	17,904	16,631	16,374
	$ 28,388	$ 29,249	$ 26,540	$ 27,986

Investment activity and income for the years ended June 30, 2016 and 2015 consists of the following:

	2016	2015
Beginning balance	$ 27,986	$ 26,847
Transfers to investments	1,179	1,053
Interest and dividends, net of expenses	358	282
Net realized and unrealized gains (losses)	(274)	(196)
	$ 29,249	$ 27,986

(DOLLARS IN THOUSANDS)

Note 7—Retirement plans

United Way has an insured, noncontributory defined benefit pension plan (the "Plan") for substantially all of its employees. United Way's policy is to fund pension costs accrued, including amortization of prior service costs, over a 10-year period. The employee's retirement benefit is based on years of service and the employee's compensation during the highest consecutive 60 months out of the last 120 months of employment.

GAAP requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets. GAAP also requires an employer to measure the funded status of a plan as of the date of its year-end statements of financial position.

The funded status of United Way's Plan as of June 30, 2016 and 2015, and amounts to be recognized as components of net periodic pension cost, are shown below:

	2016	2015
Projected benefit obligation	$ (18,877)	$ (17,320)
Plan assets at fair value	11,893	11,522
Funded status	$ (6,984)	$ (5,798)
Items not yet recognized as a component of net periodic pension cost:		
Net loss	6,178	5,102
	$ 6,178	$ 5,102

Weighted average assumptions as of June 30, 2016 and 2015:		
Discount rate	3.75%	4.25%
Post-retirement interest rate	3.75	4.25
Expected return on assets	7.00	8.00
Rate of compensation increase	5.25	5.25

At June 30, 2016 and 2015, United Way recognized a liability for the underfunded status of its Plan and adjusted the ending balance of unrestricted net assets for the transition obligation, prior service cost, and net loss that had not been recognized as components of net periodic pension cost. The liability for pension benefits is approximately $6,984 and $5,798 as of June 30, 2016 and 2015, respectively, and is included in accounts payable and accrued liabilities in the accompanying statements of financial position.

(DOLLARS IN THOUSANDS)

Note 7—Retirement plans (continued)

Below is the reconciliation of items not yet recognized as components of net periodic benefit cost and the estimated effect in the next fiscal year of items not yet reflected in net periodic benefit cost:

	July 1, 2015	Reclassified as Net Periodic Benefit Cost	Amounts Arising During Period	June 30, 2016
Reconciliation of items not yet reflected in net periodic benefit cost:				
Net (gain) or loss	$ 5,102	$ (350)	$ 1,426	$ 6,178

	July 1, 2016	Estimated Amounts to be Reclassified as Net Periodic Benefit Cost
Estimated effect in next fiscal year of items not yet reflected in net periodic benefit cost:		
Net (gain) or loss	$ 6,178	$ (510)

No Plan assets are expected to be returned to the United Way during the July 1, 2016 to June 30, 2017 fiscal year.

The following tables set forth the information related to the Plan as of June 30, 2016 and 2015 and the related changes for the years then ended:

	2016	2015
Projected benefit obligation, at beginning of year	$ 17,320	$ 15,672
Service cost	548	499
Interest cost	700	602
Change due to assumption change	953	1,656
Actuarial (gains) / losses	(241)	464
Benefits paid	(403)	(1,573)
Projected benefit obligation, at end of year	$ 18,877	$ 17,320

(DOLLARS IN THOUSANDS)

Note 7—Retirement plans (continued)

	2016	2015
Fair value of Plan assets at beginning of year	$ 11,522	$ 12,191
Actual return on Plan assets	164	304
Employer contributions	610	600
Benefits paid	(403)	(1,573)
Fair value of Plan assets at end of year	$ 11,893	$ 11,522
Reconciliation of funded status:		
Funded status	$ (6,984)	$ (5,798)
Unrecognized net loss	6,178	5,102
Net effect of adoption of recognition provisions of GAAP	(6,178)	(5,102)
Liability for pension benefits	$ (6,984)	$ (5,798)

	2016	2015
Components of net periodic benefit cost:		
Service cost	$ 548	$ 499
Interest cost	700	602
Actual return on assets	(164)	(304)
Amortization of initial unrecognized net loss	350	86
Asset loss deferred	(714)	(642)
Net periodic benefit cost charged to operating expense	$ 720	$ 241
Weighted average assumptions as of July 1, 2016 and 2015:		
Discount rate	3.75%	4.00%
Post-retirement interest rate	3.75	4.00
Expected return on assets	7.00	8.00
Rate of compensation increase	5.25	5.25

(DOLLARS IN THOUSANDS)

Note 7—Retirement plans (continued)

Approximate future benefit payments, reflecting expected future service, expected to be paid:

Years Ending June 30,		
2017	$	2,674
2018		1,002
2019		1,306
2020		1,437
2021		1,316
2022-2026		4,850
	$	12,585

Plan assets values and corresponding percentages by category at June 30, 2016 and 2015 were:

	2016			2015		
	Amount		Percentage	Amount		Percentage
Equity	$	6,659	56%	$	7,259	63%
Fixed income		714	6%		691	6%
General account		3,806	32%		3,572	31%
Real Estate		714	6%		-	0%
	$	11,893	100%	$	11,522	100%

The expected long-term rate of return on Plan assets assumption of 7.00% was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on United Way’s investment allocation for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on survey-based and market-based inflation expectations. An average inflation rate within the range equal to 2.25% was selected and added to the real rate of return range to arrive at a best estimate range of 6.51% - 8.86%. A rate of 7.00%, which is within the best estimate range, was selected.

United Way expects to pay approximately $600 of contributions to the Plan during the year ended June 30, 2017. United Way’s investment strategy is to invest approximately 60% of the funds in equity securities and approximately 40% in real estate, bonds, and fixed income securities.

During the years ended June 30, 2016 and 2015, United Way had a savings plan in which it matched, subject to IRC limitations, employee contributions up to 6% of gross pay. United Way charged to expenses approximately $426 and $402 in 2016 and 2015, respectively, under this savings plan.

(DOLLARS IN THOUSANDS)

Note 8—Notes payable and other obligations

At June 30, 2016 and 2015, United Way had the following debt obligations outstanding:

	2016	2015
Note payable	$ -	$ 56
Bond payable	3,760	4,170
	$ 3,760	$ 4,226

During fiscal year 1995, United Way constructed a parking deck to accommodate the needs of tenants, volunteers, and visitors. This project was financed with several unsecured lines of credit, which have all been converted to term debt in the form of notes payable. At June 30, 2016 and 2015, respectively, United Way had outstanding borrowings of approximately $0 and $56. The note payable was paid in full in January 2016. The contractual interest rate on the note is the maximum of 30-day LIBOR plus 1.5% or 3%, which was 3% at June 30, 2016 and 2015. The estimated fair values of these financial instruments approximate their carrying values.

Under the terms of these debt arrangements, United Way must comply with certain financial covenants, including maintaining a minimum non-permanently restricted net asset balance of $20,000 and shall not exceed a maximum ratio of three to one for debt to total net worth. As of June 30, 2016 and 2015, United Way was not aware of any violations of the covenants.

United Way has a $5,000 available line of credit with SunTrust Bank. The line of credit interest rate is the maximum of 30-day LIBOR plus 1.5% or 3% and matured on March 28, 2016. The line of credit was renewed and the maturity date was extended to March 28, 2017. The interest rate on the line of credit at June 30, 2016 and 2015 was 3%. At both June 30, 2016 and 2015, there were no outstanding borrowings on the line of credit.

In June 1999, United Way issued $9,000 of the Development Authority of Fulton County Tax-Exempt Adjustable Mode Revenue Bonds (United Way of Greater Atlanta, Inc. Project), Series 1999 and received net proceeds of $8,837 after payment of issuance costs of $163. The net proceeds of this bond issuance were used to fund capital expenditures related to the Charles R. Loudermilk, Sr. Center for the Regional Community, which consists of a conference center, office space, and attached parking deck.

In September 2011, United Way refunded $5,700 in principal amount of the Development Authority of Fulton County's outstanding Tax-Exempt Adjustable Mode Revenue Bonds (United Way of Greater Atlanta, Inc. Project), Series 1999 through the issuance of Series 2011 Bonds in the original principal amount of $5,810. United Way financed issuance costs of $110 related to these bonds and paid another $35 in issuance costs for a total of $145 in issuance costs. The net proceeds of the original Series 1999 Bond issuance were used to fund capital expenditures related to the Charles R. Loudermilk, Sr. Center for the Regional Community, which consists of a conference center, office space, attached parking deck, and renovations to two floors of the Woodruff Volunteer Center. These capital expenditures continue to serve as the collateral for the Series 2011 Bonds and had a net book value of approximately $2,295 and $3,011 as of June 30, 2016 and 2015, respectively. The Series 2011 Bonds bear interest at 75% of LIBOR plus 1.75% and are privately placed with Wells Fargo. The interest rate was 2.09% and 1.89% at June 30, 2016 and 2015, respectively. The bonds mature June 1, 2024. The Bonds are subject to mandatory purchase by the Company on September 1, 2016, unless such date is extended, and failure to extend such mandatory purchase date will result in an immediate increase in the interest rate on the Bonds to 7%. In August 2016, United Way extended the purchase date on the Series 2011 Bonds to September 1, 2019.

(DOLLARS IN THOUSANDS)

Note 8—Notes payable and other obligations (continued)

Under the terms of the Series 2011 Bonds, United Way was required to have unrestricted net assets equal to at least $24,000 as of June 30, 2011 and maintain at least $20,000 at each fiscal year-end thereafter. As of June 30, 2016 and 2015, United Way was not aware of any violations of these requirements.

In December 2011, United Way amended its existing interest rate swap agreement on the Series 1999 bonds and entered into a new interest rate swap agreement, derivative financial instrument, to reduce the potential impact of future changes in interest rates on the 2011 bond issuance. The economic substance of the agreement was to effectively convert the variable portion of the bond interest rate to a fixed rate of 2.22%. The notional amount of the swap was $3,760 and $4,170 as of June 30, 2016 and 2015, respectively. Any payments made or received under this swap agreement are recognized when due as an increase or decrease in the related interest expense. In September 2016, United Way exercised its right under the amended agreement to change the termination date of the interest rate swap agreement from June 1, 2024 to September 1, 2016.

United Way holds this derivative financial instrument for the purpose of hedging the risk of variability of cash flows caused by changes in interest rates. The derivative is held only for the purposes of hedging such risk, not for speculation. The fair value of the interest rate swap was a liability of approximately $18 and $80 as of June 30, 2016 and 2015, respectively (included in accounts payable and accrued liabilities), and the change in fair value of approximately $62 and $46 in 2016 and 2015, respectively, is included in interest expense in the accompanying statements of activities.

Approximate annual debt service payments as of June 30, 2016, excluding interest, are payable as follows:

Years ended June 30,		
2017	$	410
2018		410
2019		410
2020		510
2021		510
2022 through 2024		1,510
	$	3,760

Note 9—Commitments and contingencies

United Way is subject to legal and other claims related to the normal course of business. In the opinion of management, there are no legal claims or other matters that, upon resolution, may result in a material impact on United Way's financial position and results of activities.

Commitments to allocate funds to United Way agencies and other allocations are dependent on the results of United Way's campaigns. United Way historically provides agencies with anticipated funding commitments in advance and generally funds those commitments on a monthly basis. Such commitments are subject to adjustment based on final campaign results, including subsequent collections.

Federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect United Way's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although United Way expects such amounts, if any, to be immaterial.

(DOLLARS IN THOUSANDS)

Note 10—Operating lease commitments - lessors

United Way leases office space to tenants under noncancelable operating leases with terms of one to 25 years. The following is a schedule by year of future minimum rentals under the leases as of June 30, 2016:

2017	$	3,431
2018		3,211
2019		2,916
2020		2,515
2021		2,147
2022 and thereafter		5,367
	$	19,587

The value of the property under lease consists of the following:

Building	$	55,789
Accumulated depreciation		(44,362)
	$	11,427

See Note 15 for additional disclosure relating to the early termination of operating lease commitments initiated by United Way subsequent to year end.

Note 11—Fair value of financial instruments

The following methods and assumptions were used by United Way in estimating its fair value disclosures for financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that United Way could realize in a current market exchange.

Fair value approximates book value for the following financial instruments due to their short-term nature: cash and cash equivalents, pledges receivable, accounts payable, and accrued expenses.

Fair values for marketable debt and equity securities are based on quoted market prices. If a quoted market price is not available, fair value is estimated using market prices for similar securities.

Note 12—Fair value measurements of assets and liabilities

GAAP requires fair value measurements be classified and disclosed in one of the following three categories ("Fair Value Hierarchy"):

Level 1 - Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2 - Financial instruments valued using pricing inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

(DOLLARS IN THOUSANDS)

Note 12—Fair value measurements of assets and liabilities (continued)

The following tables summarize the valuation of United Way's financial assets measured at fair value at June 30, 2016 and 2015, respectively, based on the level of input utilized to measure fair value:

	Fair Value Measurements at June 30, 2016:			
Description:	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ 50	$ -	$ -	$ 50
Mutual funds				
Equity securities funds	11,295	-	-	11,295
Fixed income funds	17,904	-	-	17,904
Subtotal Investments	29,249	-	-	29,249
Beneficial interest in assets held by others	647	159	-	806
Total	$ 29,896	$ 159	$ -	$ 30,055

	Fair Value Measurements at June 30, 2015:			
Description:	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ 50	$ -	$ -	$ 50
Mutual funds				
Equity securities funds	11,562	-	-	11,562
Fixed income funds	16,374	-	-	16,374
Subtotal Investments	27,986	-	-	27,986
Beneficial interest in assets held by others	701	174	-	875
Total	$ 28,687	$ 174	$ -	$ 28,861

The following tables summarize the valuation of United Way's financial liabilities measured at fair value at June 30, 2016 and 2015, respectively, based on the level of input utilized to measure fair value:

	Fair Value Measurements at June 30, 2016:			
Description:	Level 1	Level 2	Level 3	Total
Derivative financial instruments	$ -	$ 18	$ -	$ 18
Total	$ -	$ 18	$ -	$ 18

	Fair Value Measurements at June 30, 2015:			
Description:	Level 1	Level 2	Level 3	Total
Derivative financial instruments	$ -	$ 80	$ -	$ 80
Total	$ -	$ 80	$ -	$ 80

(DOLLARS IN THOUSANDS)

Note 13—Endowment funds

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and also required disclosures about endowments funds.

United Way's endowment consists of three funds established for a variety of purposes that are invested at a local institution. The endowment consists of donor-restricted endowment funds and unrestricted funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund for the investment portion of the endowment as of June 30, 2016 and 2015 is listed below.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2016:				
Donor-restricted endowment funds	$ 750	$ -	$ 3,775	$ 4,525
Board-designated endowment funds	11,657	-	-	11,657
Total funds	$ 12,407	$ -	$ 3,775	$ 16,182

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2015:				
Donor-restricted endowment funds	$ 802	$ -	$ 3,775	$ 4,577
Board-designated endowment funds	10,260	-	-	10,260
Total funds	$ 11,062	$ -	$ 3,775	$ 14,837

The Board of Directors of United Way has interpreted the UPMIFA as requiring, absent explicit donor stipulations to the contrary, that the following amounts included in the endowment be classified as permanently restricted: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund be classified as permanently restricted. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by United Way in a manner consistent with the standard of prudence prescribed by UPMIFA or spent in accordance with the purpose restrictions established by the donor.

(DOLLARS IN THOUSANDS)

Note 13—Endowment funds (continued)

In accordance with UPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

1. The duration and preservation of the fund.
2. The purposes of United Way and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of United Way.
7. The investment policies of United Way.

The Finance Committee of United Way and ultimately United Way adopted a revised investment policy and spending policy in June 2009. The policy seeks to preserve capital, control risk to ensure that the risk assumed is commensurate with the given investment style and objectives, and adhere to the discipline set forth in the policy. United Way will endeavor to ensure, to the degree reasonably possible, that the endowment funds with which it is entrusted keep pace with inflation so that the original purpose of the donor(s) in establishing the endowment fund can be met in perpetuity. Authorized expenditures during the United Way's current fiscal year shall be 5.0% of the average total market value of the endowment for the trailing three-year period ending December 31. In the event the average annualized total return for the trailing three-year period fails to equal or exceed 5.0%, United Way shall distribute net income (defined as interest, dividends, and other income receipts from investments less expenses) until such time as the trailing three-year return equals or exceeds 5.0% again. In making distributions, United Way shall execute upon the approval of the Finance Committee and the Board of Directors to use both the net income and net capital appreciation (defined as realized and unrealized appreciation in the fair market value of the investments) in excess of the fund's historic dollar value (i.e., corpus). Accordingly, United Way has adopted the following investment allocation guidelines:

The equity and alternative portion shall represent between 50% and 70% of the total portfolio with a target of 60% and will be invested as follows:

	Low	High
Large Company Stocks	20%	40%
Mid-Cap Company Stocks	2%	15%
Small-Cap Company Stocks	2%	15%
International Stocks	2%	20%
Alternatives (Total Investments)	3%	15%

The fixed income (bond) portion shall represent between 25% and 45% of the total portfolio with a target of 40% and shall consist of primarily investment-grade U.S. or foreign corporate debt securities, U.S. Treasury or foreign government obligations, assets, and mortgage-backed securities.

(DOLLARS IN THOUSANDS)

Note 13—Endowment funds (continued)

Changes in the investment portion of the endowment net assets for the year ended June 30, 2016, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2015	$ 11,062	$ -	$ 3,775	$ 14,837
Contributions	1,402	-	-	1,402
Investment return (loss):				
Investment income, net of expenses	111	-	-	111
Net appreciation (depreciation)	(129)	-	-	(129)
Total investment return (loss)	(18)	-	-	(18)
Amounts appropriated for expenditure	(39)	-	-	(39)
Endowment net assets, June 30, 2016	$ 12,407	$ -	$ 3,775	$ 16,182

Changes in the investment portion of the endowment net assets for the year ended June 30, 2015, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2014	$ 9,992	$ -	$ 3,775	$ 13,767
Contributions	1,013	-	-	1,013
Investment return:				
Investment income, net of expenses	89	-	-	89
Net appreciation (depreciation)	6	-	-	6
Total investment return	95	-	-	95
Amounts appropriated for expenditure	(38)	-	-	(38)
Endowment net assets, June 30, 2015	$ 11,062	$ -	$ 3,775	$ 14,837

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount recorded by United Way as permanently restricted net assets (corpus). There was one donor-restricted endowment fund that had a fair value ($61) below corpus of as of June 30, 2016. There were no donor-restricted endowment funds that had fair values below corpus as of June 30, 2015.

Note 14—Related parties

United Way is the sole member of 24/7 Gateway, LLC, a 501(c)(3) exempt organization under the Internal Revenue Code. Because United Way is not actively involved in the management of 24/7 Gateway, LLC and does not appoint the Board of Directors or otherwise exercise control, operations of 24/7 Gateway, LLC are not consolidated in these financial statements. United Way recorded allocations payable to 24/7 Gateway, LLC at June 30, 2016 and 2015 of $620 and $655, respectively. Allocations and expenses within the accompanying statements of activities for 24/7 Gateway, LLC for the years ended June 30, 2016 and 2015 are $1,325 and $1,425, respectively.

Note 15—Subsequent events

On October 13, 2016, United Way entered into an agreement with TGX, LLC to sell the Woodruff Volunteer Center at 100 Edgewood Avenue, Atlanta, Georgia 30303 at a sales price of $38,200. The closing date will not be earlier than September 1, 2017 or later than January 2, 2018.

As part of the sale of the building, United Way will obtain fully executed termination agreements, lease amendments or similar agreements with respect to all of the leases then in effect. As of the date of this report, United Way obtained fully executed termination agreements from four of their forty-one tenants. United Way expects to obtain signed agreements from the remaining tenants with early termination dates no later than December 31, 2017. As of the date of this report, management does not have enough information to estimate the liability associated with early termination of these agreements.

United Way has evaluated subsequent events through December 5, 2016, which was the date the financial statements were available to be issued. Except as disclosed above, there were no material subsequent events requiring adjustments to, or disclosure in, the financial statements for the year ended June 30, 2016.

SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Total Federal Expenditures
Federal Awards		
U.S. Department of Education:		
Investing in Innovation (i3) Fund	84.411	$ 766,385
Total U.S. Department of Education		766,385
U.S. Department of Veteran Affairs:		
VA Supportive Services for Veteran Families Program	64.033	2,096,823
Total U.S. Department of Veterans Affairs		2,096,823
U.S. Department of Housing and Urban Development		
Pass-through from Atlanta Housing Authority		
Choice Neighborhoods Implementation Grant Program	14.U00	64,438
Total U.S. Department of Housing and Urban Development		64,438
Corporation for National and Community Service:		
AmeriCorps	94.006	207,865
Total Corporation for National and Community Service		207,865
Department of Health and Human Services:		
Children's Health Insurance Program	93.767	29,354
Total Department of Health and Human Services		29,354
Department of the Treasury:		
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	249,998
Total Department of the Treasury		249,998
Total Expenditures of Federal Awards		**$ 3,414,863**

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the United Way of Greater Atlanta, Inc. (the "United Way") under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the United Way, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the United Way.

Note 2—Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3—Contingencies

These federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and may affect United Way's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although United Way expects such amounts, if any, to be immaterial.

Note 4—Indirect Cost Rate

United Way has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
United Way of Greater Atlanta, Inc.
Atlanta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Greater Atlanta, Inc. (the "United Way") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 5, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Atlanta, Georgia
December 5, 2016

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

The Board of Directors
United Way of Greater Atlanta, Inc.
Atlanta, Georgia

Report on Compliance for Each Major Federal Program

We have audited United Way of Greater Atlanta, Inc.'s (the "United Way") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way's major federal programs for the year ended June 30, 2016. United Way's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way's compliance.

Opinion on Each Major Federal Program

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Atlanta, Georgia
December 5, 2016

I. Summary of Auditor's Results

a) The type of report issued on the financial statements: **Unmodified**

b) Internal control over financial reporting:
Material weaknesses identified: **None reported**
Significant deficiencies identified: **None reported**

c) Noncompliance which is material to the financial statements: **No**

d) Internal control over major programs:
Material weaknesses identified: **None reported**
Significant deficiencies identified: **None reported**

e) The type of report issued for major programs: **Unmodified**

f) Any audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance: **No**

g) Identification of major programs:

64.033 VA Supportive Services for Veteran Families Program

h) Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

i) Auditee qualified as a low-risk auditee: **Yes**

II. Financial Statement Findings

None noted.

III. Federal Award Findings and Questioned Costs

None noted.

Finding No. 2015-001 Lack of Documentation of Verification of Suspended and Debarred Parties

Control Category: Internal control over major programs

Internal Control Impact: None

Status: Previously report corrective action implemented.

UNITED WAY OF GREATER ATLANTA, INC.
EXHIBIT 1

FOR THE YEAR ENDED JUNE 30, 2016

MANAGEMENT CERTIFICATIONS

In connection with the financial statements of the United Way of Greater Atlanta, Inc. (the "United Way") for the years ended June 30, 2016 and 2015, the undersigned, Milton J. Little, Jr., President and Chief Executive Officer, and Mark Sutton, Chief Financial Officer, do hereby certify, that:

1. We have reviewed the financial statements of United Way.

2. We are responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud. We have designed such policies and internal controls and procedures or caused such policies and internal controls to be designed under our supervision to ensure that material information relating to United Way is made known to us by others within United Way during the period in which this report is being prepared.

3. The financial statements and other information contained in this report fairly present, in all material respects, the financial position and results of activities and cash flows of United Way as of and for the periods presented in this report.

4. We have disclosed, based on our most recent evaluation of internal controls over financial reporting, to United Way's auditors and the audit committee of United Way's Board of Directors:

   a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect United Way's ability to record, process, summarize, and report financial information, and

   b) there is no fraud that involves management or other employees who have a significant role in United Way's internal control over financial reporting.

By: ______________________
Milton J. Little, Jr.
President/Chief Executive Officer
December 5, 2016

By: ______________________
Mark Sutton
Chief Financial Officer
December 5, 2016